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Follow-up to the implementation of the outcome of the World Summit for Social Development and of the twenty-fourth special session of the General Assembly

Report of the Secretary-General

Summary

The present report is prepared pursuant to General Assembly resolution 60/130 on implementation of the outcome of the World Summit for Social Development and the twenty-fourth special session of the General Assembly. The report provides an overview of the substantive discussions on the review of the United Nations Decade for the Eradication of Poverty (1997-2006) that took place during the forty-fourth session of the Commission for Social Development. It highlights the uneven progress made on reducing poverty during the Decade and reflects on the Copenhagen commitment on poverty, taking into consideration the dimension of inequality.

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I. Introduction

1. The present report is submitted in accordance with General Assembly resolution 60/130 of 16 December 2005, in which the Assembly requested the Secretary-General to submit a report to it at its sixty-first session on the implementation of the outcome of the World Summit for Social Development and of the twenty-fourth special session of the General Assembly. This report is the twelfth in a series of reports on this subject since the holding of the World Summit for Social Development in Copenhagen in 1995, and the second report after the holding of the 10-year review of the Summit in February 2005.

2. The proposal to designate a decade for the eradication of poverty was agreed upon at the World Summit for Social Development and the United Nations Decade for the Eradication of Poverty (1997-2006) was proclaimed by the General Assembly in resolution 50/107 of 20 December 1995. It will be recalled that the eradication of poverty was one of the three core issues addressed by the Social Summit and was chosen by the Commission for Social Development as its initial priority theme. The other two core issues addressed by the Social Summit were promoting full and productive employment and fostering social integration.

3. For its forty-fourth session, the Commission for Social Development chose as its priority theme "Review of the first United Nations Decade for the Eradication of Poverty (1997-2006)".

4. The review of the Decade presented in the report of the Secretary-General to the Commission for Social Development at its forty-fourth session[1] focused on key developments during the Decade, including the enhanced policy framework for poverty eradication at the national and international levels, the evolution of strategies for poverty eradication, enhanced coordination within the United Nations system to support the efforts of Member States and the obstacles and challenges that still face development partners in their fight against poverty.

5. The present report provides an overview of the discussions at the Commission on the review of the Decade and attempts to analyse the message of Copenhagen on poverty eradication in the current global context.

II. Summary of the substantive discussions during the forty-fourth session of the Commission for Social Development, including the panel discussion on the review of the United Nations Decade for the Eradication of Poverty (1997-2006)

A. Overview

6. The review of the United Nations Decade for the Eradication of Poverty took place during the first part of the forty-fourth session of the Commission for Social Development, which was held from 8 to 17 February 2006. On 8 February, the Commission heard a keynote address on the priority theme by Ms. Clare Short of

[1] E/CN.5/2006/3.

the United Kingdom of Great Britain and Northern Ireland. It was followed by a panel discussion on the review of the Decade, in which the participants were Ms. Judith Mbula Bahemuka, Permanent Representative of Kenya; Ms. Nancy Barry, President of Women's World Banking; Mr. Sanjay Reddy of Barnard College, Columbia University; and Mr. Roberto Bissio, Executive Director of the Third World Institute, Uruguay. The Commission decided to transmit the Chairperson's summary of the discussion to the coordination segment on "Sustained economic growth for social development, including the eradication of poverty and hunger" of the 2006 substantive session of the Economic and Social Council.

7. Also in the context of the review of the Decade on the Eradication of Poverty, a presentation was made by the Division for Social Policy and Development on a technical cooperation project, "Tackling poverty together: the role of young people in poverty reduction". In addition, a civil society forum entitled "A decade of poverty: ways forward ..." was held immediately prior to the forty-fourth session of the Commission. The outcome of the forum was presented to the Commission.

8. The purpose of the review of the Decade was to consider what had been achieved during the Decade and to identify further constraints and challenges in key areas of implementation. Linkages to the implementation of poverty commitments made at the 1995 World Summit for Social Development and the United Nations Millennium Development Goals were also examined.

9. The following section highlights the points made in the discussions on the review of the Decade during the plenary sessions of the Commission. It also takes into consideration the report of the Secretary-General[1] to the Commission for Social Development on the review of the Decade as a contribution on that subject.

B. Progress over the Decade

10. It was acknowledged that the implementation of commitments made during the Decade had fallen short of expectations and there was evidence of an inverse correlation between promises made at Copenhagen and the results achieved thus far. Although the levels of absolute poverty at the global level had been reduced by the decisive influence of the rapid economic expansion of China and India, overall progress in poverty eradication had been slow and uneven. In sub-Saharan Africa and Latin America, poverty reduction had been stagnant and in Western Asia poverty had actually increased. Emerging trends also suggested that progress on some social indicators, such as school enrolment and infant mortality, had slowed down in the past decade.

11. There was wide consensus that coordinated global and national action was needed in the fight against poverty and that, in order for effective poverty eradication strategies to be formulated, the root and structural causes of poverty had to be recognized and understood. Among those wide-ranging causes were unequal distribution of income and assets, insecurity and vulnerability, and social exclusion and powerlessness.

12. It was also pointed out that there were still some important unresolved methodological issues regarding the measurement of poverty, and the overall picture of progress in poverty eradication could differ depending on the assumptions and regional decomposition used when measuring poverty. The Millennium

Development Goal measured extreme poverty using the benchmark of income of less than a dollar a day. Questions had been raised about whether that narrow concept provided a good indicator for monitoring poverty. As had been agreed at the Social Summit, poverty was more than a problem of income. It was also, and fundamentally, a problem of exclusion from access to productive assets, resources and opportunities.

13. The importance of increasing the visibility of poor people received considerable attention. It was stressed that when poor people were made visible it could advance policies that would directly address their needs. In that regard, better statistics were needed to measure poverty and raise the visibility of the poor. A useful strategy to increase their visibility was to require policymakers to undertake poverty assessments of the policies proposed.

14. Attention was drawn to the issue of strengthening social capital in poor communities, including informal networks and coping strategies. For example, practices used by poor indigenous people to enhance their livelihoods had not been adequately addressed. In that regard, both sectoral and horizontal approaches should be used to combat poverty. At the same time, there was a need for a broader concept of economic and social development at the national and international levels in order to reduce poverty, and for greater balance between economic, social and ecological perspectives. Appropriate mechanisms for the private sector should be created to promote corporate social responsibility.

15. The importance of agricultural development for poverty eradication was emphasized, as was the centrality of decent employment in poverty eradication. Poor rural infrastructure, lack of reliable markets for primary products, low productivity and low technology used in production and services, as well as insufficient financial and human resources, precluded improvements in agriculture and poverty reduction in developing countries.

16. Lastly, speakers reiterated their support for achieving the goals set out in the Copenhagen Declaration and Programme of Action, and in the outcomes of the Millennium Summit of 2000 and the World Summit of 2005, which had reinforced the priority and urgency of poverty eradication on the United Nations development agenda.

C. Key challenges in Africa

17. While some regions in the world had experienced gains in the struggle against poverty, many countries in sub-Saharan Africa continued to be characterized by poverty that was pervasive, gender-based and largely rural in nature. Among the key factors that had led to increased poverty levels in many parts of Africa were lack of adequate infrastructure, poor human resources management, difficulties in accessing global markets, droughts and famine, political upheavals, conflicts and civil strife, and the impact of HIV/AIDS, malaria, tuberculosis and other diseases.

18. Agriculture remained the main economic activity for the majority of Africans, especially in the sub-Saharan region, where it employed around 90 per cent of the rural population. However, agriculture was currently unable to sustain the needs of the expanding population because of problems such as low investment, poor quality seeds, lack of fertilizers, poor farming methods and lack of affordable technology.

19. The importance of involving people in poverty alleviation strategies was stressed; "bottom-up" strategies with broad-based participation had been proven to work better with grass-roots support. Unemployment, especially among young people, was a serious problem. In order to achieve full, productive and decent employment, realistic and time-bound goals and targets needed to be set.

20. According to the Economic Commission for Africa,[3] recent improvements in economic growth rates on the continent have had an insignificant impact on poverty, partly because most people have had no secure employment or source of income. An important challenge to reducing poverty is the high levels of inequality in many African countries. Evidence suggests that high inequality substantially reduces the rate at which growth is transformed into poverty reduction. In addition to strengthening strategies for accelerating growth, achieving broad-based development as well as growth that is accompanied by substantial gains in job creation must remain priorities in discussions on national economic policy. Countries that are still in conflict face even bigger challenges with regard to development, employment creation and poverty reduction.

21. Despite improvements in macroeconomic performance in many African countries, progress remains slow in the fight against poverty, illiteracy, endemic diseases, gender inequality and other social ills. The concentration of growth in capital-intensive sectors such as oil and mining and the shift away from agriculture without absorption of the displaced labour, have contributed to job losses, thus the worsening of living standards.[4]

D. Access to financial resources

22. Despite the mixed results with poverty eradication, the previous 10 years had shown that increasing the access of poor people to financial resources through microfinance was one of the success stories in reducing poverty. During the previous decade, the number of people benefiting from microfinance had grown from 9 million to about 60 million borrowers worldwide.

23. Microfinance had evolved to include a broad range of issues, focusing on building income and assets, often through microcredit, and mitigating risks for poor households, particularly female-headed households. Over the previous decade, standards of quality had been established for microfinance to which its providers had had to adhere. In many countries, compilations of best practices, standards of portfolio quality and performance indicators had been developed, with the purpose of constantly seeking better quality microfinance services.

24. In addition to microfinance, remittances had received increased attention in recent years. However, despite the significant size of those flows, recipient countries had made little progress in harnessing them for local development. A significant portion of remittances was currently being used for current consumption, rather than for investment in education, for example. Local financial institutions could benefit from remittance flows if they made an effort to change that pattern of expenditure.

[3] "Survey of economic and social conditions in Africa", http://www.uneca.org/cfm/2006/survey_africa05.htm.

[4] Ibid.

by providing other services, such as housing loans and improved savings products, to their customers.

25. Microfinance activities in the private sector had also been an important component in expanding access to financial resources, particularly for women and youth. However, despite the many studies and reports documenting their positive contribution to poverty reduction, microcredit and microfinance constituted neither a panacea for poverty nor a formula for achieving social development. The reality was that microcredit and microfinance worked best only in certain situations and only with certain types of clients. In general, microcredit programmes that typically required sustained, regular and often large payments were unlikely to be financially viable for poor families that lacked sustained and significant incomes. Rather than credit, extremely poor people needed social protection programmes that could help them meet basic needs.[4]

E. International cooperation

26. It was acknowledged that the United Nations Decade for the Eradication of Poverty had been successful in placing poverty eradication at the centre of the international agenda and of public opinion, and that it had increasingly shaped national agendas. However, in terms of the commitment made in Copenhagen towards an enabling environment for social development, it was felt that there had been limited progress, especially in increasing access for developing countries to international economic opportunities and in achieving a system of fair trade. In addition, it was noted that there had been slow progress in providing debt relief to heavily indebted countries.

27. The importance of aid as a source of necessary resources for poverty eradication was highlighted. Efforts by developing countries to achieve the Millennium Development Goals should be matched by corresponding efforts by developed countries to reach their overseas development assistance goal of 0.7 per cent of gross national product (GNP). Aid contributed significantly to development: data had shown that countries with significant levels of aid in the past had experienced better economic growth than other countries. However, it was important to distinguish between two kinds of aid: developmental aid and geopolitical aid. Only the former could help countries reach their development goals.

28. Overall, how social development was financed, especially in poorer countries, was central to achieving the objective of improving social conditions, as had been highlighted in Copenhagen. International support was needed to galvanize national efforts to achieve poverty eradication, including efforts in the areas of debt relief and financing for development. It was emphasized that developed countries should honour their commitments, including with regard to the provision of market access for developing countries' exports, technology transfer, financial aid and debt relief. One suggestion was to foster poverty reduction through closer cooperation between international economic and financial organizations and entities that had a social mandate.

[4] See A/59/326.

29. But aid per se was not a solution. It was also important that Governments be given the policy space needed to decide on home-grown poverty reduction strategies and initiatives that reflected country-specific conditions and priorities, while at the same time taking into account the importance of efforts at the regional level. It was acknowledged that, while the increased focus on the Millennium Development Goals had resulted in large amounts of aid flowing into specific areas, it could result in decreased innovation in the use of such development assistance.

30. Delegations recognized the primary responsibility of States in pursuing sound policies to eradicate poverty, but reiterated the importance of consolidating global partnerships to support such efforts, including cooperation with civil society. They drew attention to the inequitable outcomes of globalization and the resultant need for reform of the international finance and trade systems. Many noted that only globalization based on solidarity and cooperation, with effective policies and good governance at the national and international levels, could create opportunities for all and, in the process, benefit the poor. Developing countries underscored the importance of trade liberalization and market access, which enabled the creation of domestic policy space and flexibility for fostering progress in the achievement of Millennium Development Goals.

31. New measures in international strategies for the eradication of poverty, such as those set out in the Paris Declaration on Aid Effectiveness, were cited as assisting developing countries in such areas as zero tariff treatment, debt relief, concessional loans, cooperation on public health, and human resource training. In addition, the agreement at the World Summit to formulate national development strategies by the end of 2006 was aimed at expanding the focus of national policy decisions to include the internationally agreed development goals. That could help ensure that discussions in that context gave attention to essentials that underpinned long-term development and any trade-offs between different economic and social goals and the policies to achieve them.

F. Overcoming obstacles and looking forward

32. In the debates of the Commission, it was stressed that unless there was a radical change in how poverty was addressed by Governments and the international community, the poverty targets, including the Millennium Development Goals would not be achieved. It was noted in this context that, while the Social Summit had targeted poor people around the world, in both developed and developing countries, the current emphasis on the Millennium Development Goals directed attention mainly to the plight of poor people in developing countries.

33. The need for a people-centred approach to development was strongly reiterated and seen as the only viable way to eradicate poverty and ensure human rights. That approach was founded on the multidimensional view of poverty, which recognized not only income, but other important dimensions, including nutrition, housing, social exclusion, vulnerability, education, decent employment opportunities, health and participation in society.

34. It was increasingly being noted that growth alone was insufficient to reduce poverty; the quality of growth and the distribution of its benefits were also important. Greater attention should be paid to addressing inequality in the design of monetary and fiscal measures, maintaining macroeconomic stability, improving

physical and social infrastructure, and ensuring that economic growth benefited all members of society, including the poor.

35. In addition, speakers emphasized the link between poverty eradication and full and productive employment by highlighting the decent work agenda of the International Labour Organization. Self-employment and microenterprises were the backbone of many economies, but for those types of enterprise to provide an exit out of poverty, poor people needed to move into higher value-added activities. In that regard access to education was a critical component of national strategy. Enhanced partnerships, which had been shown to enhance efforts to eradicate poverty, had been an important development during the Decade. They could take the form of public-private, public-private-civil society or developed-developing country partnerships.

36. Delegations also underscored the importance of good governance, democratic participation, the development of social protection systems, and diminishing rural-urban disparities as essential components in the fight against poverty and exclusion. Attention was also called to the negative impact of conflict and wars on social and economic development, forestalling any further progress in eradicating poverty. Moreover, major diseases, notably HIV/AIDS and malaria, and natural disasters often thwarted efforts to bring about national development.

III. Review of the commitment on poverty made at the Social Summit

37. The commitment to eradicate poverty has become a centrepiece of international cooperation. In the Copenhagen Declaration, poverty eradication is recognized as "an ethical, social, political and economic imperative of humankind".[5] The Millennium Declaration emphasizes the need to "free our fellow men, women and children from the abject and dehumanizing conditions of extreme poverty",[6] and the World Summit Outcome stresses the "right of people to live in freedom and dignity, free from poverty and despair".[7] All international commitments incorporate concrete targets for achieving this objective.

38. The commitment to fight extreme poverty and hunger is one that cuts across economic and social policies, drawing the different approaches together while at the same time exposing their individual limitations. As a bridge between the human rights and development perspective, the shared determination to fight poverty in the world is consistent with the principle of solidarity embodied in the United Nations Millennium Declaration: "Global challenges must be managed in a way that distributes the costs and burdens fairly in accordance with basic principles of equity and social justice. Those who suffer or who benefit least deserve help from those who benefit most".[8]

[5] *Report of the World Summit for Social Development, Copenhagen, 6-12 March 1995* (United Nations publication, Sales No. E.96.IV.8), chap. I, resolution 1, annex I, para. 29, Commitment 2.

[6] General Assembly resolution 55/2, para. 11.

[7] General Assembly resolution 60/1, para. 143.

[8] General Assembly resolution 55/2, para. 6.

39. The World Summit for Social Development played a vital role in laying the groundwork and defining the core objectives for what would become the Millennium Development Goals. It helped pave the way for the formulation of a key component of the development agenda of the United Nations, and of the world community as a whole, for the first part of the twenty-first century. It can be said that the issues that are directly relevant and matter most to people have assumed a prominent place on the international agenda. The reduction and elimination of poverty is a goal that encompasses the aspirations of the world's people, Governments and international bodies. With its commitment to eliminating poverty, the United Nations has defined a goal commensurate with the ambitions of its Charter.

40. The Copenhagen Declaration asserts that poverty is inseparably linked to lack of control over resources, including land, skills, knowledge, capital and social connections. Reference is made to policies that would: address the root causes of poverty; ensure that those living in poverty have access to productive resources, including credit, land, education and training, technology, knowledge and information, as well as to public services and participation in decision-making; create a regulatory environment that would enable the poor to benefit from expanding employment and economic opportunities; ensure that all people have adequate economic and social protection during unemployment, ill health, maternity, child-rearing, widowhood, disability and old age; and ensure that national budgets are oriented, as necessary, to meeting basic needs, reducing inequalities and targeting poverty, as a strategic objective.[9]

41. The Social Summit also called for a progressive tax system with efficient and fair tax collection so that poor people would not pay an inordinate part of their income in taxes and levies. At the international level, it promoted an economic environment with an equitable approach to debt and debt-servicing in order to ease the debt burden of developing countries, which is often serviced at the expense of social programmes. The Social Summit also called for trade policies that promote greater access to markets, for fewer trade barriers, and for an increase in official development assistance.

42. At the twenty-fourth special session of the General Assembly, held in Geneva in 2000, one of the most significant agreements was on the adoption of the goal of halving the proportion of people living in extreme poverty by 2015. That goal, explicitly stated for the first time in the history of the United Nations, continues to resonate strongly in the first Millennium Development Goal and as one of the internationally agreed development goals contained in the United Nations Millennium Declaration. No less importantly, at its twenty-fourth special session, the General Assembly underscored the need to reassess market-oriented macroeconomic policies with a special emphasis on the goals of greater employment generation and a reduction in the poverty level.

43. At the special session, the General Assembly recognized the need both to anticipate and to offset the negative social and economic consequences of globalization, as well as to maximize its benefits for all members of society, particularly those with special needs. Furthermore, it underscored the importance of universal and equitable access to education and health care to foster and develop

[9] Report of the World Summit for Social Development ... Commitment 2, paras. (b) to (e).

productive human potential. It also acknowledged the important role of the poverty reduction strategy papers in achieving sustainable social and economic development and poverty eradication.

44. In 2005, on the occasion of the 10th anniversary of the World Summit for Social Development, Member States reaffirmed that policies and programmes designed to achieve poverty eradication should incorporate specific measures to foster social integration, including by providing marginalized socio-economic sectors and groups with equal access to opportunities; that an employment strategy with full respect for basic principles under conditions of equity, equality, security and dignity should constitute a fundamental component of development strategies; and that the social impact and dimension of globalization deserved further attention. Significantly, countries which now agree that not even the strongest economies today can escape the problems of poverty, unemployment and social disintegration underscored the links between the Copenhagen Declaration, and its core message of people-centred development, and the United Nations Millennium Development Goals — specifically the target under Goal 1 of halving extreme poverty by 2015. The Declaration invigorated the important message that economic growth is considered more a means to an end than an end in itself, and that people, including older persons and youth, persons with disability and indigenous peoples, must be at the centre of development efforts.

45. Despite the multitude of commitments made at United Nations conferences and summits, however, positive changes in the lives of poor, disenfranchised and marginalized people are taking place too slowly or, in some regions and countries, past gains are being eroded. Many parts of the world are still significantly off track in reaching the internationally agreed development goals. Whatever progress has been or could be made is threatened by increased social, economic and income inequalities, inequitable allocation of resources, major failures of economic policy and poor governance. These threats can serve as flashpoints for outbreaks of violence and conflict. Thus, the way in which countries address these issues can determine to what extent the coming decades will be peaceful and stable.

A. The inequality dimension

46. The issue of global economic inequality and the underlying economic forces contributing to its growth continues to be debated in many forums. Until recently, economic indicators dominated much of the discussion about global inequality, reflecting the priority given to policies promoting economic growth as the universal remedy for development ills. Now, however, greater attention is being paid to the non-economic indicators of inequality. Similar to the shift that has taken place in the debate on poverty, the debate on inequality has evolved to reflect a broader understanding, in which the focus is not exclusively on measurable economic indicators. A key feature of the structural relationship between economic and non-economic inequality is that both are often characterized by inequality before the law (the inability to exercise human rights and participate fully as citizens) and inequality of opportunity and conditions (the inaccessibility of means and resources

considered necessary to overcome structural social, economic, political and cultural barriers), issues highlighted at the Social Summit.[10]

47. It will be recalled that in the Copenhagen Declaration the goal of eradicating poverty is placed within the context of action to address inequalities. The Declaration calls for the adoption of national policies and strategies to reduce inequalities and eradicate absolute poverty by a target date. Governments pledged "to seek to reduce inequalities, increase opportunities and access to resources and income, and remove any political, legal, economic and social factors and constraints that foster and sustain inequality".[11]

48. Together with confronting the structural and multidimensional causes of poverty, the attainment of a "more equitable distribution of productive assets, wealth, opportunities, income and services" became the overriding strategy of the Summit's fight against poverty.[12] In addition, the Social Summit recognized that striving to equalize the distribution of income and wealth and minimize structural inequities was complicated by both inequality before the law and inequality of opportunity and conditions.

49. The three core issues of the Summit — poverty eradication, promotion of employment and fostering social integration — were supported by commitments to promote an enabling environment founded on equity and equality and non-discriminatory distribution of the benefits of growth among social groups and countries, including the provision of expanded access to productive resources for people living in poverty. Issues relating to the reduction and eradication of poverty, such as the underlying causes that separate the excluded and poor from the rest of society, and the conditions needed to enable people to reach their potential in the world of employment, could not be separated either from the need for democratic institutions or from macroeconomic policies and policies for education, health and the environment.

50. That the understanding of poverty has gradually evolved from the early focus on income poverty to a more multidimensional understanding, including of its human dimensions as well as its structural causes, reflects a growing convergence of views on the critical links between the macroeconomic architecture and the social dimensions of poverty and inequality. However, while this understanding has widened, poverty eradication policies have not been substantially transformed, partly because the structural causes of poverty are still not being adequately addressed. Governments recognized this critical deficit in policymaking and committed themselves at the World Summit to address the root causes of threats and challenges with resolve and determination.[13]

51. Determining the causes of poverty in some regions requires the examination of the existence of profound inequalities, something that is generally not adequately addressed. Indeed, those most likely to suffer from rising inequalities are those who suffer from discrimination and who are already poor and marginalized, with limited

[10] See *Report on the World Social Situation 2005: the Inequality Predicament* (United Nations publication, Sales No. E.05.IV.5).

[11] Report of the World Summit for Social Development ..., chap. I, resolution 1, annex I, para. 29, Commitment 2, para. (f).

[12] Ibid., annex I, para. 27 (a).

[13] General Assembly resolution 60/1, para. 8.

access to economic assets. In some countries, however, prominent calls to make social equity the focus of economic policy are beginning to replace the earlier emphasis on rapid growth and wealth creation. Expanding income gaps have the potential to increase social unrest, which can further raise doubts about a country's rapid pursuit of private wealth and market-driven development.

52. Furthermore, a strictly economic approach to poverty reduction, which focuses solely on raising an individual's income, does not break the intergenerational cycle of poverty unless there is an accumulation of wealth or assets. Equally, the goal of sustained poverty reduction cannot be achieved unless equality of opportunity and access to basic social services are ensured. Studies support the notion, on the one hand, that inequality in access to basic public services contributes directly to poor health and deficiencies in the overall level of education and, on the other, that more equitable public sector investments have been found effective in improving access to education, health care and other social services.[14]

53. A global initiative established at the 2005 World Summit sets out to explore how nations can reduce poverty through reforms that expand critical access to legal protection and opportunities for all citizens. The High Level Commission on Legal Empowerment of the Poor will examine how increased access to property and labour rights, legal protection and financial services can provide greater opportunities and empowerment for poor people. The Commission, set up as an independent initiative by Governments of developed and developing countries, will conduct much of its work through smaller working groups, organized around different areas of technical expertise and grass-roots groups that represent poor or disenfranchised populations. Despite growing interest on the part of many developing countries, the issue of empowerment has not been given sufficient priority in international development cooperation. The Commission will seek to generate momentum to place empowerment issues on the wider development agenda by creating viable options to expand opportunities for marginalized groups.

B. Policy considerations

54. As noted in the *Report on the World Social Situation: The Inequality Predicament*,[15] the rapid expansion of markets accentuates the need to facilitate an international social agenda that strengthens the link between growth and social equity — a link that has steadily weakened. The challenge facing a number of countries experiencing rapid growth is to narrow the politically volatile gap between rich and poor and improve the economy of impoverished areas.

55. As stated earlier, the distribution of the benefits of growth is a critical factor in reducing poverty levels. Recent analysis shows that global economic growth is a necessary but insufficient condition for achieving poverty reduction. Between 1990 and 2001, for example, for every $100 worth of growth in the world's income per person, just $0.60 contributed to reducing poverty below the $1-a-day line, 73 per cent less, even, than in the 1980s, when much of the developing world was

[14] *Report on the World Social Situation 2005: The Inequality Predicament* (United Nations publication, Sales No. E.05.IV.5)

[15] Ibid.

plagued by economic crisis and experiencing the most painful initial phase of structural adjustment.[16]

56. In places with relatively egalitarian income distribution, growth helps everyone. But in countries where inequality is high, growth bypasses the poorest. This means that growth will not reduce poverty unless government policies are structured to redirect it to the poor. In turn, policies of redistribution have an impact on the level, composition and quality of economic growth. National policies, including those aimed at addressing inequalities that contribute to poverty and other social ills, are increasingly limited by the external decisions of global institutions regulating international finance and trade, and by liberalization policies that tend to accentuate inequalities and asymmetric globalization. Nonetheless, the policy decisions of Governments are ultimately primarily responsible for increases or decreases in inequality.

57. Among the policy options available to Governments are the allocation of the national budget and the priority of various items of public expenditure, all of which reflect political choices. However, even incremental changes, such as a small increase in defence spending repeated over several budget cycles, or reductions in taxes for high-income groups, result in very significant resource shifts over time. In order to build a stable foundation for longer-term economic development, resources need to be directed towards, for example, education and rural health care, job creation and basic social protection.

58. Reducing poverty strengthens a country's economic base, giving residents more choices and greater control over their future. Values such as individual autonomy and respect for cultural diversity can flourish only when survival is no longer a daily preoccupation. However, policies to reduce and eradicate poverty are not synonymous with policies to promote equity and equality. In fact, focusing exclusively on poverty can perpetuate and even aggravate inequalities. Singling out part of a population as "poor" effectively segregates certain individuals and families, both in their own eyes and in the eyes of society. Being designated as poor and seeing oneself as different from others is disempowering.[17]

59. It would appear that targeted assistance to lift individuals and groups out of poverty is effective only when it is part of an overall economic and social policy aimed at achieving growth and equity, i.e., a full strategy to facilitate access to public services for poor people. An approach based on trade and more open markets, even when accompanied by a commitment to democracy and good governance, is not enough. A fresh emphasis on the urgency of social policy is needed. At the same time, social policies that have the greatest impact may not necessarily be those that are pro-poor in the exact sense, but rather those that are more universal in nature.

60. Another important consideration is that the poor/non-poor dichotomy is somewhat artificial, as it does not correspond to the reality of poverty. The "poor" are not a homogeneous and fixed group. There are, in both developed and developing countries, people who stay poor all their lives and families that remain

[16] David Woodward and Andrew Simms, "Growth is failing the poor: the unbalanced distribution of the benefits and costs of global economic growth", DESA Working Paper No. 20 (ST/ESA/2006/DWP/20), March 2006.

[17] *Social Justice in an Open World: the Role of the United Nations* (United Nations publication, Sales No. E.06.IV.2).

destitute through successive generations, but there are also those who move in and out of poverty, those who have been so marginalized that they are beyond the reach of the public welfare system and those who are just above the contextually defined poverty threshold but essentially face the same challenges as those officially identified as poor. The narrow focus on poverty and the poor is particularly unhelpful when the poor make up the majority of a country's population.[18]

IV. Conclusions

61. Based on the foregoing, the following points are presented to the General Assembly in the framework of strengthening social development and giving due consideration to a people-centred approach in the implementation of the internationally agreed development goals, including the United Nations Millennium Declaration and the 2005 World Summit Outcome.

62. **Above all else, an enabling environment is a critical precondition for achieving equity and social development. While economic growth is essential, entrenched inequality is an obstacle to the broad-based and sustained growth that the United Nations and other organizations see as a requirement for sustainable, inclusive and people-centred development. It is therefore imperative to balance measures to achieve growth with measures to achieve economic and social equity for there to be an impact on overall poverty levels.**

63. **In this context, poverty eradication policies should attack poverty by addressing its root and structural causes and should incorporate equity and equality measures.**

64. **The growing realization over the past decade that development comprises broader goals has helped bring these issues to the fore. The World Summit Outcome reaffirmed the vital role played by the major conferences and summits in shaping a broad development vision and in identifying common objectives for coordinated implementation of development goals, including that of poverty reduction. It emphasized the central role of employment, not only in eradicating poverty, but also in promoting equitable development and the overall development agenda. Productive employment and decent work therefore need to be made an integral part of growth-enhancing and poverty-reduction strategies, with particular attention to provisions for incorporating employment creation in macroeconomic policies.**

65. **Of equal importance is the proposal in the World Summit Outcome to bring greater attention to the developmental aspects of building inclusive societies. The various conferences and summits of the past decade, the Copenhagen Summit in particular, shifted development thinking towards the importance of empowering poor people to make sustainable changes to their lives. In this regard, poverty reduction strategies should adopt an integrated approach to respond to the multidimensional nature of poverty, with priority accorded to measures that foster social integration, cohesion and access to social services and opportunities.**

[18] Ibid.

66. **Broad-based participation in poverty eradication processes of all stakeholders, including the poor themselves, is critical to improve governance and accountability and to enhance a sense of ownership and successful implementation. Initiatives are required to strengthen capacity-building and the participation of poor people in poverty eradication strategies in order to stimulate national debate, mobilize stakeholders and, specifically, to promote political, social and economic empowerment.**

67. **Efforts should be intensified to help countries achieve social development goals through the provision of resources, and to eliminate countries' debilitating debt burden in order to allow them to redirect their scarce resources to social expenditures.**